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*John*

CIA HISTORICAL REVIEW PROGRAM  
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MEMORANDUM FOR: DDP.

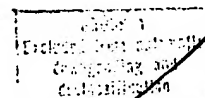
ATTENTION :

SUBJECT : Soviet Trade with Latin America

The attached paper was prepared in response to your 14 August request for an updating of Soviet-Latin American trade figures contained in an undated issue of Inter-American Scene. We are also returning to you the reprint of this article. Because the article contained several erroneous figures, we have provided a tabulation of Soviet-Latin American trade for the entire period 1966-69. an analyst in our branch, will be glad to answer any further questions you have on the matter.

Attachments:  
As Stated

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Soviet Trade with Latin America

1. Soviet trade with Latin America in 1969 totaled about \$130 million, up from about \$105 million in 1968 but well below the record 1966 level when Argentina shipped large amounts of surplus wheat. As in the past, the USSR imported much more from the region than it exported. Soviet imports, almost exclusively agricultural raw materials and foodstuffs, totaled about \$105 million in 1969, compared with exports of only \$25 million. Most of the increase in 1969 trade came from expanded Brazilian sales -- which rose to almost half of Latin American exports to the USSR -- and the initiation of coffee shipments by Costa Rica. The attached tabulation shows changes in Soviet-Latin American trade by country during 1966-69.

2. Soviet-Latin American trade probably will continue to expand in 1970-71, mainly because of new trade and credit agreements with Bolivia and Peru and expected increased sales of surplus coffee by Central America. In early 1970, the Soviets agreed to buy Bolivian tin and tin concentrates and in August extended a \$27.5 million credit to finance Bolivian imports of mining equipment and machinery. Because the USSR can supply tin volatilization equipment not available elsewhere, Bolivian imports under this credit could be fairly large. Commercial agreements also have been signed with Peru and the

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Soviets have extended a \$30 million credit for the purchase of farm machinery. In addition, the Soviets, who traditionally have purchased fairly large amounts of Peruvian fishmeal from European brokers, now are considering direct purchases from the Velasco government. In mid-1970, Costa Rica negotiated the sale of an additional 133,000 bags of coffee to the USSR for hard currency -- perhaps \$8-10 million. A commercial agreement and a \$10 million credit to import Soviet construction machinery also are under consideration. Other Central American countries have shown interest in arranging similar deals to dispose of surplus coffee.

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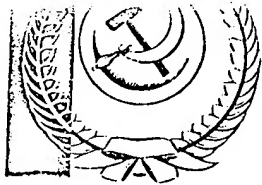
Soviet Trade with Selected Latin American Countries\*  
(in Millions of U.S. Dollars)

	1966			1967			1968			1969		
	Ex- ports	Im- ports	Total Trade	Ex- ports	Im- ports	Total Trade	Ex- ports	Im- ports	Total Trade	Ex- ports	Im- ports	Total Trade
Argentina	7.4	107.3	114.7	4.8	23.1	27.9	3.2	28.7	31.9	6.8	25.6	32.4
Brazil	27.7	30.6	58.3	12.0	34.7	46.7	13.8	27.9	41.7	12.1	48.8	60.9
Chile	0.1	0.2	0.3	0.1	0.2	0.3	0.1	--	0.1	0.2	0.1	0.3
Colombia	1.1	2.3	3.4	1.6	0.8	2.4	2.1	3.4	5.5	2.6	4.2	6.8
Costa Rica	--	--	--	--	--	--	--	--	--	--	5.2	5.2
Ecuador	--	--	--	--	0.2	0.2	--	12.4	12.4	0.2	13.9	14.1
Mexico	0.7	10.3	11.0	0.8	9.2	10.0	2.7	8.4	11.1	0.9	5.6	6.5
Peru	--	--	--	--	--	--	--	--	--	1.4	--	1.4
Uruguay	0.6	9.2	9.8	0.4	3.7	4.1	0.7	1.6	2.3	0.9	1.0	1.9
Total	37.6	159.9	197.5	19.7	71.9	91.6	22.6	82.4	105.0	25.1	104.4	129.5

\* As reported in official Soviet trade statistics and excluding minor amounts of trade with countries not listed.

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## WHERE THE RUSSIANS ARE

The Soviet Union has initiated a drive to increase commercial ties with Latin America. Only recently, Vladimir Alkhimov, Deputy Minister for Foreign Trade, was sent to the region to negotiate commercial treaties with new countries and to up date agreements in existence--probably in an effort to stimulate flagging Soviet sales.

The USSR's trade with Latin America declined from \$183 million in 1966 to a bare \$46 million in 1967, reviving to nearly \$100 million in 1968. However, Latin America usually sells much more to the Soviet than they buy. In 1968, for example, the region exported over \$70 million, chiefly raw materials, to the USSR but bought only \$27 million of Soviet goods. While sales to the Soviets help Latin America dispose of export surpluses, the area's private traders have problems negotiating with the Soviet Union's monolithic state trading agencies and in selecting Soviet goods that compete in quality with their customary Western sources of supply. (Statistics for Cuba are excluded.)

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The latest trade developments for Latin American countries, according to COTASS, a Soviet economic/commercial weekly published in Switzerland, are:

- ARGENTINA**-- Trade rose to \$32 million in 1968, compared with \$27 million in 1967. Main items exported to the USSR were wool, raw hides and vegetable oils.
- BRAZIL**-- A new pact is being negotiated to cover approximately \$100 million in term payments for the sale of machinery and heavy equipment. In 1968, Brazilian-Soviet trade amounted to \$41 million, as against \$45 million in 1967.
- CHILE**-- There has been an exchange of trade delegations. The Chileans have sold wool and hope to sell canned seafood, wines, textiles, and footwear. In 1967, the Soviet Union granted a \$15 million credit to Chile for the purchase of Russian machinery and equipment.
- COLOMBIA**-- In the past two years, the USSR's purchases of Colombian coffee grew 150%, while exports of "Volga" passenger cars, trolleybuses, and the Jeep-like "Gaz 69" vehicle also rose. Under a recent two year commercial accord, Colombia-Soviet trade may reach \$25 million a year.
- COSTA RICA**-- Negotiations are in progress wherein the Russians may buy coffee and bananas in exchange for machinery, chemicals, and drugs. The Soviet agency "Soyuzplod-import" has bought 7,000 tons of coffee for delivery this year.
- ECUADOR**-- An agreement and protocol on reciprocal export-import assistance and exchange of commercial representatives were signed. Quito and Moscow hope to increase trade, which amounted to a mere 12 million rubles (\$13.2 million) in 1968.
- MEXICO**-- A slight increase in trade was recorded in 1968: \$11 million as against \$9.9 million in 1967. Corn was an export item.
- PERU**-- A two-year agreement provides for reciprocal commercial assistance and the exchange of commercial representatives.
- URUGUAY**-- Two trade agreements exist, under which the parties established a most favored nation clause in trade and navigation, and proposed the export of \$20 million worth of machinery and equipment on extended credit in exchange for Uruguayan fine and semi-coarse wool.

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